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If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your units in Regal REIT, you should at once hand this Circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1881)

Managed by



CIRCULAR TO UNITHOLDERS IN RELATION TO

(A) PROPOSED EXPANSION OF THE SCOPE OF REGAL REIT'S INVESTMENT STRATEGY

(B) PROPOSED GENERAL MANDATE TO REPURCHASE UNITS

(C) PROPOSED TRUST DEED AMENDMENTS

(D) NOTICE OF EGM

A letter from the Board is set out on pages 5 to 20 of this Circular.

A notice convening the EGM to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 15th May, 2008, at 11:45 a.m. is set out on pages N-1 to N-10 of this Circular. Whether or not you are able to attend and vote at the EGM in person, please complete and return the accompanying form of proxy to the Unit Registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

15th April, 2008

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CORPORATE INFORMATION

Regal REIT	Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, or Regal Real Estate Investment Trust and the companies controlled by it, as the context requires.
REIT Manager	Regal Portfolio Management Limited Unit No. 1504, 15th Floor 68 Yee Wo Street Causeway Bay Hong Kong
Directors of the REIT Manager	
<i>Non-executive Directors</i>	Mr. Lo Yuk Sui (<i>Chairman</i>) Mr. Donald Fan Tung Mr. Jimmy Lo Chun To
<i>Executive Director and Chief Executive Officer</i>	Mr. Kai Ole Ringenson
<i>Independent Non-executive Directors</i>	Mr. John William Crawford, J.P. Mr. Alvin Lam Kwing Wai Hon Abraham Shek Lai Him, J.P.
Trustee	DB Trustees (Hong Kong) Limited Level 55, Cheung Kong Center 2 Queen's Road Central Hong Kong
Unit Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-16 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Legal Advisers to the REIT Manager	Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central Hong Kong
Legal Advisers to the Trustee	Simmons & Simmons 35th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

associate	Has the meaning as ascribed to it in the SFO.
Auditors	The auditors of Regal REIT.
Authorisation	Authorisation under section 104 of the SFO.
Authorised Repurchase Amount	The number of Units that may be repurchased by the REIT Manager, which will not exceed 10% of the number of Units issued as at the date of resolution granting the general mandate.
Board	The board of Directors of the REIT Manager.
Business Day	Any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong.
Connected Person	Has the meaning ascribed to it in the Trust Deed.
Convertible Instruments	Any securities convertible or exchangeable into Units, or any options or warrants or similar rights for the subscription or issue of Units (or securities convertible or exchangeable into Units), issued by Regal REIT (as defined in the Trust Deed).
Distribution Entitlement	Has the meaning as ascribed to it in the Trust Deed.
Directors	The directors of the REIT Manager.
EGM	The extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice.
EGM Notice	The notice included in this Circular in respect of the EGM to consider and, if thought fit, approve the Proposals.
Explanatory Statement	The explanatory statement set out in the appendix to this Circular.
Greater China	Mainland China, Hong Kong, Macau and Taiwan.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Issue Price	The price per Unit at which Units are from time to time issued or agreed (conditionally or unconditionally) to be issued.

DEFINITIONS

Latest Practicable Date	9th April, 2008, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein.
Listing Rules	The Rules Governing the Listing of Securities on the SEHK.
Manager's Fee	The fee payable to the REIT Manager pursuant to Clauses 14.1.1 and 14.1.2 of the Trust Deed.
Offering Circular	The offering circular issued by the REIT Manager dated 19th March, 2007.
Ordinary Resolution	A resolution of Unitholders passed by a simple majority of votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue.
Proposals	Collectively: (a) the proposed expansion of the scope of Regal REIT's investment strategy; (b) the proposed Repurchase Mandate; and (c) the proposed Trust Deed Amendments.
Regal REIT	Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, or Regal Real Estate Investment Trust and the companies controlled by it, as the context requires.
REIT	Real estate investment trust.
REIT Code	The Code on Real Estate Investment Trusts issued by the SFC as amended, supplemented and/or otherwise modified from time to time.
REIT Manager	Regal Portfolio Management Limited, as manager of Regal REIT.
Record Date	15th May, 2008.
Register	The register of Unitholders.
Repurchase Mandate	The proposed general mandate to allow Regal REIT to make on-market repurchases of Units, the terms and conditions of which are described in section 2.1 headed "Proposed Repurchase Mandate" of this Circular.
SEHK	The Stock Exchange of Hong Kong Limited.
SFC	The Securities and Futures Commission of Hong Kong.

DEFINITIONS

SFC Repurchase Circular	The Circular to management companies of SFC-authorized REITs, issued by the SFC on 31st January, 2008.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being.
Special Resolution	A resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 25% of the Units in issue.
Total Distributable Income	Has the meaning given to this term in the Trust Deed.
Trust Deed	The trust deed constituting Regal REIT dated 11th December, 2006, as supplemented by a first supplemental deed dated 2nd March, 2007, entered into between the Trustee and the REIT Manager, as the same may be supplemented or amended from time to time.
Trust Deed Amendments	The proposed amendments to the Trust Deed which are described in Section 3.1 headed “Reasons for the Proposed Deed Amendments”.
Trustee	DB Trustees (Hong Kong) Limited, as trustee of Regal REIT.
Unit	One undivided share in Regal REIT.
Unit Registrar	Computershare Hong Kong Investor Services Limited, as unit registrar of Regal REIT.
Unitholder	Any person registered as holding a Unit.
Variable Fee	Has the meaning as ascribed to it in the Trust Deed.
%	Per centum or percentage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

LETTER FROM THE BOARD



REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1881)

Managed by



Directors of the REIT Manager:

Non-executive Directors

Mr. Lo Yuk Sui (*Chairman*)

Mr. Donald Fan Tung

Mr. Jimmy Lo Chun To

Registered Office:

Unit No. 1504, 15th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

Executive Director and Chief Executive Officer

Mr. Kai Ole Ringenson

Independent Non-executive Directors

Mr. John William Crawford, J.P.

Mr. Alvin Lam Kwing Wai

Hon Abraham Shek Lai Him, J.P.

15th April, 2008

To: Unitholders of Regal REIT

Dear Sir/Madam,

CIRCULAR TO UNITHOLDERS IN RELATION TO
(A) PROPOSED EXPANSION OF THE SCOPE OF REGAL REIT'S INVESTMENT STRATEGY
(B) PROPOSED GENERAL MANDATE TO REPURCHASE UNITS
(C) PROPOSED TRUST DEED AMENDMENTS
(D) NOTICE OF EGM

Reference is made to (i) the announcement dated 26th March, 2008, and (ii) the announcement dated 15th April, 2008, by the REIT Manager in relation to the Proposals. The purpose of this Circular is: (a) to provide you with further information regarding the Proposals; and (b) to serve notice of the EGM.

LETTER FROM THE BOARD

1. PROPOSED EXPANSION OF THE SCOPE OF REGAL REIT'S INVESTMENT STRATEGY

1.1 Existing Investment Strategy of Regal REIT

The existing principal investment strategy of the REIT Manager is to invest in hotel and other hospitality-related properties in Hong Kong and Greater China (after obtaining necessary regulatory and Unitholders' approvals). At the time of the initial Authorisation of Regal REIT and at present, Regal REIT's property portfolio comprises five hotels which are situated in Hong Kong.

1.2 Proposed Expansion of the Scope of Regal REIT's Investment Strategy

The REIT Manager now proposes to expand the scope of Regal REIT's investment strategy so that Regal REIT may invest in hotels, serviced apartments or commercial properties (including office properties) located anywhere in the world (whether in Greater China or elsewhere). The other aspects of Regal REIT's investment strategy will remain unchanged. The reasons for such expansion are described below.

1.3 Reasons for Proposed Expansion of Asset Class Scope

Regal REIT will continue to focus on hotel and hospitality-related properties while expanding its investment scope to include serviced apartments and other commercial properties. Expanding Regal REIT's investment scope will allow it to grow with more flexibility through the acquisition of "mixed use" developments, containing hotels. It will also permit Regal REIT to grow through acquisition of commercial properties adjacent to hotels, which contain demand drivers and support facilities or are considered to be beneficial as a whole to the hotel property in question.

1.3.1 *The trend for mixed-use developments*

Hotel properties are increasingly forming part of mixed-use developments, whereby the hotel is annexed to complementary asset classes such as serviced apartments, offices, retail and entertainment complexes. One benefit of this integrated approach is that the hotel and its facilities may benefit from the additional presence of serviced apartments, offices, retail, entertainment and other facilities, attracting shoppers, tenants and their visitors, who may require hotel services. Similarly, the mixed-use complexes may benefit from the presence of hotel amenities and guests.

Together, the various property types support each other and drive demand for the mixed-use complex as a whole, to an extent which may not be possible if each operated on a stand-alone basis.

In addition, hotel properties offered for sale may only be available in a package together with other commercial properties, to the preference of the vendor and/or because of complications/legal restrictions or other difficulties to divide a mixed-use property into several titles.

The hotel and the other types of properties making up the mixed-use complex may share facilities and services such as, power plant, air-conditioning, security, property management system, etc. and it may be undesirable or impractical to split the ownership and management of the complex.

LETTER FROM THE BOARD

1.4 Reasons for Proposed Expansion of Geographical Scope

1.4.1 *Investors' Expectations*

Regal REIT needs to expand through external growth to meet investors' expectations and to be an attractive investment option to investors. To stay competitive, Regal REIT needs to expand its geographical scope beyond Greater China to take advantage of suitable acquisition opportunities in other markets.

1.4.2 *The trend for cross-border investments*

The more recently SFC-authorized REITs have cross-border investment scopes. The REIT Manager notes that it is also a growing market trend in other regional REIT markets for REITs to have investments in more than one geographical region.

1.4.3 *Investment opportunities available overseas*

A geographically diverse investment scope will allow the REIT Manager to seize investment opportunities available in overseas jurisdictions.

1.4.4 *Flexibility to maximize returns*

A geographically diverse investment scope allows the REIT Manager to select appropriate markets to maximize returns as foreign capitalization rates may be higher than those in Hong Kong and/or Greater China; and/or foreign borrowing costs may be lower than those in Hong Kong and/or Greater China.

1.4.5 *Enhancement of Unitholder base*

It is easier to attract investors in jurisdictions where Regal REIT owns a recognised asset. Hence by enabling the REIT Manager to capitalize on investment opportunities available in overseas jurisdictions, Regal REIT may also have greater opportunity to attract investors from such jurisdictions.

1.4.6 *Enhancement of stability in rental revenue level and distributions*

As the market in each jurisdiction may experience different vacancy rates and rental growth cycles, a geographically diverse portfolio will have a more stable rental revenue level and this, in turn, enhances Regal REIT's ability to make stable and sustainable distributions to Unitholders. A geographically diverse portfolio will also be less susceptible to any adverse changes which may occur due to the political and economic conditions of any particular market.

LETTER FROM THE BOARD

1.5 Other Aspects of Regal REIT's Investment Strategy

The investment strategy of the REIT Manager includes an acquisition strategy that seeks to achieve external growth. The REIT Manager intends to retain the same acquisition strategy (with modifications to take into account the proposed expansion of asset class and geographical scope) and will continue to focus on the following investment criteria in its evaluation of acquisition opportunities.

1.5.1 *Yield accretion*

The REIT Manager will seek to acquire properties with yields that are estimated to be above Regal REIT's cost of capital and which are expected to maintain or enhance returns to Unitholders.

1.5.2 *Location*

The REIT Manager will assess each property's location and potential for business growth in its market.

1.5.3 *Occupancy rate and rental rate*

The REIT Manager will seek to acquire properties with strong existing, or with growth potential for higher, occupancy rates or rental rates, together with competitive strengths within the respective market.

1.5.4 *Value-adding opportunities*

The REIT Manager may seek to acquire properties which are under-managed due to the lack of experience or scale of the operators, and properties in under-maintained condition but with potential for upgrading. The REIT Manager would assess the potential to add value through enhanced management, selective renovation, market repositioning or other enhancements.

1.5.5 *Leasing terms and property management*

The REIT Manager will seek opportunities to structure business arrangements to provide Unitholders with a stable income stream with potential for future profit sharing, including identifying tenants and/or appointing experienced property managers capable of delivering operational results that can support stable income for Regal REIT.

LETTER FROM THE BOARD

1.6 Some Additional Considerations when Investing Overseas

The REIT Manager, in selecting appropriate overseas investments, will consider all relevant factors in addition to those specified in section 1.5 headed “Other Aspects of Regal REIT’s Investment Strategy”, including but not limited to the following factors.

1.6.1 *Investor confidence in the market*

The REIT Manager will consider investing in markets in which ownership of properties in such markets is likely to make Regal REIT more attractive to potential investors and will also have the effect of enhancing Regal REIT’s Unitholder base.

1.6.2 *Stability of the market*

The REIT Manager will assess the economic, political and social conditions of the potential market to assess the risks related to such conditions and evaluate the feasibility of an investment in such a market.

1.6.3 *Maturity and development of the market*

The REIT Manager will consider whether the country, in which potential investments are located, has a sufficiently developed infrastructure network along with accessibility for properties, as such factors affect the value of the properties located in that country. The legislative and regulatory regime of a potential country of investment, including without limitation, the certainty of interpretation of the relevant legislation and regulation and the ease of enforcement of judgments, will also be considered.

1.6.4 *Growth potential of the market*

The REIT Manager will assess the growth potential of the potential market including consideration of whether there is a high and rising demand for the type of properties Regal REIT intends to invest in and whether such demand is offset by an excessive supply or rising costs and expenses related to property management.

1.6.5 *Availability of reliable market information and reputable service providers*

The REIT Manager will consider investing in markets in which there are reputable service providers and reliable market information for the assessment of investment opportunities, implementation of the investment and management of the properties.

1.7 Compliance with Laws and Regulations when Investing Overseas

In considering investments overseas, the REIT Manager will have regard to, and comply with, all applicable legal and regulatory requirements, including but not limited to the requirements prescribed under the Practice Note on Overseas Investments by SFC-authorized REITs contained in the REIT Code.

LETTER FROM THE BOARD

1.8 Approvals Required

The Authorisation was granted on the condition that, among other things, Regal REIT must comply with the strategy of investing in hotel properties in Hong Kong and/or Greater China as described in the Offering Circular. However, the REIT Manager notes that in the circular to management companies of SFC-authorised REITs dated 12th October, 2007, the SFC has (among other things) clarified that in acquiring overseas properties, REIT managers do not have to seek re-approval of their licences or re-authorisation of the relevant REIT by the SFC before proceeding to make such acquisitions. Accordingly, the REIT Manager has notified the SFC of its proposal to expand the scope of its investment strategy to include overseas acquisitions.

Under Paragraph 10.7(a)(v) of the REIT Code, a circular is required to be issued where there is a change in the general character or nature of a REIT, such as its investment objectives and/or policy.

Under Clause 10.2.4 of the Trust Deed, in order for the REIT Manager to change its investment policies or strategy for Regal REIT as stated in the Offering Circular it is required to notify the Unitholders of such change by way of a circular in accordance with the requirements of the REIT Code, and obtain the prior approval of the Unitholders for such change by way of a Special Resolution.

Accordingly, the REIT Manager proposes to seek the necessary Unitholders' approval required to expand the asset class and geographical scope of Regal REIT's investment strategy by way of a Special Resolution.

1.9 Recommendation

The Directors consider that the proposed expansion of the asset class and geographical scope of Regal REIT's investment strategy is in the best interests of Regal REIT and the Unitholders as a whole, and accordingly, recommend all Unitholders to vote in favour of the Special Resolution relating to the expansion of the asset class and geographical scope of Regal REIT's investment strategy to be proposed at the EGM.

(See Special Resolution number 1 in the EGM Notice)

2. PROPOSED GENERAL MANDATE TO REPURCHASE UNITS

2.1 Proposed Repurchase Mandate

The REIT Manager proposes to seek Unitholders' approval at the EGM to grant a general mandate to the REIT Manager to repurchase Units on-market on behalf of Regal REIT (being the Repurchase Mandate) pursuant to the SFC Repurchase Circular and subject to the terms and conditions set out in this section 2.1.

LETTER FROM THE BOARD

The Repurchase Mandate will, if granted, remain effective until the earliest of: (a) the conclusion of the next annual general meeting of Regal REIT following the passing of the resolution to approve the grant of the Repurchase Mandate; (b) the expiration of the period within which the meeting referred to in (a) above is required to be held by the Trust Deed, the REIT Code or any applicable laws; and (c) its revocation or variation by an ordinary resolution of Unitholders at a general meeting of Unitholders.

Regal REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on a stock exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

2.2 Explanatory Statement

In accordance with the SFC Repurchase Circular, an Explanatory Statement is set out in the appendix to this Circular, which contains all information on the Repurchase Mandate and sets out the terms and conditions on which the REIT Manager may exercise its power under the Repurchase Mandate, if granted, to repurchase Units on the market on behalf of Regal REIT.

2.3 Maximum Number of Units that may be Repurchased

As at the Latest Practicable Date, 3,119,231,903 Units have been issued. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that (except for certain Units to be issued to the REIT Manager as the Manager's Fee) no Unit will be issued prior to the date of the EGM, the REIT Manager will be allowed under the Repurchase Mandate to repurchase a maximum of 311,923,190 Units.

2.4 Reasons for the proposed Repurchase Mandate

Although the REIT Manager has no present intention of repurchasing the Units, it believes that it is in the best interests of Regal REIT and the Unitholders as a whole to seek a general mandate from the Unitholders to enable Regal REIT to make on-market repurchases of Units. Unit repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the REIT Manager believes that such repurchase will benefit Regal REIT and the Unitholders.

2.5 Funding of Repurchases

For purposes of any repurchases, the REIT Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code and the guidelines issued by the SFC from time to time and the laws of Hong Kong.

LETTER FROM THE BOARD

The REIT Manager does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Regal REIT (as compared with the position disclosed in its most recent published audited accounts).

(See the Ordinary Resolution in the EGM Notice).

2.6 Recommendations

The Directors are of the opinion that the Repurchase Mandate is in the interests of Regal REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the resolution to be proposed at the EGM.

The Trustee has confirmed that the Repurchase Mandate complies with the Trust Deed, and has given its consent to the REIT Manager to proceed with any proposed repurchases pursuant to the Repurchase Mandate.

3. PROPOSED TRUST DEED AMENDMENTS

3.1 Reasons for the Proposed Trust Deed Amendments

3.1.1 *Change in Regal REIT's investment strategy*

For reasons as described in Section 1 of this Circular headed “Proposed Expansion of the Scope of Regal REIT’s Investment Strategy”, the REIT Manager proposes to seek Unitholders’ approval to expand the asset class and geographical scope of Regal REIT’s investment strategy.

Currently, under Clause 10.2.1 of the Trust Deed, Regal REIT’s investment strategy is limited to investing in real estate that wholly or primarily comprises of hotel or other hospitality-related properties. Clause 10.2.5 of the Trust Deed restricts the investments of Regal REIT to Hong Kong by stating that any investments outside Hong Kong will require Unitholders’ approval by means of a Special Resolution.

The proposed Trust Deed amendments to Clauses 10.2.1 and 10.2.5 of the Trust Deed will have the effect of expanding Regal REIT’s investment strategy such that Regal REIT may invest in hotels, serviced apartments or commercial properties (including office properties) located anywhere in the world (whether in Greater China or elsewhere).

In line with the proposed Trust Deed amendment to Clause 10.2.1 of the Trust Deed, the REIT Manager also proposes to include the definition of “Greater China” in the Trust Deed.

(See Special Resolution number 1 in the EGM Notice).

LETTER FROM THE BOARD

3.1.2 *Issue of Units and/or Convertible Instruments to Connected Persons*

Currently, under Clause 5.1.8 of the Trust Deed, except pursuant to, among others, a rights issue or an open offer, an issue of Units to a Connected Person (other than as part of an offer made to all Unitholders on a pro rata basis or the issue of Units as consideration of the Manager's Fee) shall require specific prior approval of Unitholders by an ordinary resolution at a meeting convened in accordance with the provisions of the Trust Deed.

The proposed Trust Deed amendments to Clause 5.1.8 of the Trust Deed will allow the REIT Manager to issue Units and/or Convertible Instruments to a Connected Person, without the requirement of obtaining Unitholders' approval, in the following circumstances:

- (a) when the Connected Person receives a pro rata entitlement to Units and/or Convertible Instruments in its capacity as a Holder (as defined in the Trust Deed);
- (b) when Units are issued to the REIT Manager to satisfy the relevant amount of the Manager's Fee; or
- (c) when Units and/or Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding in the same class of Units and/or Convertible Instruments by placing such Units and/or Convertible Instruments to or with any person(s) who is/are not its associate(s) (other than any Excluded Associate), provided always that (i) the new Units and/or Convertible Instruments must be issued at a price not less than the placing price (which may be adjusted for the expenses of placing); and (ii) the number of Units and/or Convertible Instruments issued to the Connected Person must not exceed the number of Units and/or Convertible Instruments placed by it.

The REIT Manager is of the view that allowing it to issue Units, without requiring Unitholders' approval, in the circumstances set out in (a) and (b) is consistent with the current Clause 5.1.8 of the Trust Deed. The proposed Trust Deed amendment to Clause 5.1.8 of the Trust Deed merely clarify that such arrangements should also be extended to the issue of Convertible Instruments to Connected Persons.

With respect to the circumstance in (c) above, the REIT Manager is of the view that such a procedure is in line with the corresponding practice of top up placements adopted by listed companies in Hong Kong under the Listing Rules; and the limited scope under which it may operate affords sufficient protection to Unitholders who are not Connected Persons.

In conjunction with the proposed amendment to Clause 5.1.8 of the Trust Deed, the REIT Manager also proposes to include in the Trust Deed a definition of "Excluded Associate", which is to be defined as "any person or entity who/which is an associate of the relevant Connected Person solely by virtue of the operation of paragraphs (b), (c) and/or (k) (other than a related corporation covered under paragraph (a) of the definition of "related corporation" in Schedule 1 of the SFO) of the definition of "associate" in Schedule 1 of the SFO".

LETTER FROM THE BOARD

The REIT Manager has applied to the SFC for a waiver from strict compliance with Paragraph 6.2, Chapter 8, Paragraph 10.7(b)(iv) and Paragraph 12.2 of the REIT Code so as to allow the issue of Units and/or Convertible Instruments to a Connected Person, without the need for compliance with any reporting, announcement, disclosure or Unitholders' approval requirements under Chapter 8, Paragraph 10.7(b)(iv) and/or Paragraph 12.2 of the REIT Code, or any valuation requirement under Paragraph 6.2 of the REIT Code, in circumstances where the issuance complies with the terms of the proposed new Clause 5.1.8 of the Trust Deed. If the proposed amendment is approved, the REIT Manager shall issue an announcement(s) at the relevant time(s) in relation to the placing and top-up subscription transaction pursuant to Paragraph 10.4 of the REIT Code.

(See Special Resolution number 2 in the EGM Notice)

3.1.3 *Issue Price of New Units*

Currently, the Issue Price of new Units issued by the REIT Manager is determined in accordance with Clauses 5.2.2 and 5.2.3 of the Trust Deed. Clause 5.2.2 of the Trust Deed sets the pricing basis of new Units by reference to the "Market Price", as determined in accordance with Clause 5.2.3 of the Trust Deed. Although Unitholders may approve an issue of new Units at a discount greater than 20% to the Market Price, there is no discretion for Unitholders to approve an issuance of new Units on a different pricing basis. The proposed Trust Deed amendment to Clause 5.2.2 will allow the REIT Manager to issue, or agree to be issued, new Units in accordance with the pricing basis as stipulated in an Ordinary Resolution duly approved by Unitholders, giving the REIT Manager greater flexibility in determining the pricing of such new Units to accommodate commercial needs.

(See Special Resolution number 3 in the EGM Notice)

3.1.4 *Fees, Costs and Expenses to be Payable out of Regal REIT's Deposited Property*

Clause 4.5 of the Trust Deed currently provides for certain types of charges, fees or expenses to be payable out of Deposited Property (as defined in the Trust Deed) by way of direct payment or reimbursement of the Trustee or the REIT Manager. It is not clear if public relations-related expenses are expressly authorised by the Trust Deed to be payable out of Deposited Property. The REIT Manager believes that such expenses are incurred to promote or enhance Regal REIT's interests for the benefit of Regal REIT, and accordingly it is appropriate that Clauses 4.5.1.6 and 4.5.1.13 of the Trust Deed be amended to allow such expenses to be payable out of Deposited Property, in connection with any public relations-related activities in connection with Regal REIT. This will apply to public relations-related costs and expenses for all purposes relating to Regal REIT or its business, including for example future capital raising exercises or conferences/presentations such as those conducted in connection with publication of results of Regal REIT.

LETTER FROM THE BOARD

The REIT Manager has applied to the SFC for a waiver from strict compliance with Paragraph 9.13 of the REIT Code so as to allow the various categories of fees, costs and expenses as described in Clauses 4.5.1.6 and 4.5.1.13 of the Trust Deed (as amended by the relevant Trust Deed Amendments) to be paid out of the Deposited Property.

(See Special Resolution number 4 in the EGM Notice)

3.1.5 Issue of Units pursuant to Incentive Scheme

The REIT Manager proposes that the Trust Deed be amended to include a framework to allow for the issue of Units pursuant to incentive schemes as it believes that the introduction of such incentive schemes may achieve the following principal purposes:

1. to align the interests of participants of the incentive scheme with the achievement of the strategic long-term goals of the REIT Manager and with the interests of the Unitholders as a whole;
2. to enhance Regal REIT's and the REIT Manager's ability to attract and retain talented personnel whose contributions are essential to the long-term growth and prosperity of Regal REIT and the creation of value for Unitholders; and
3. to provide Regal REIT and the REIT Manager with the ability to incentivise and/or reward personnel and eligible participants so as to motivate them to achieve superior performance, which will contribute towards the long-term growth and prosperity of Regal REIT.

The Trust Deed currently does not provide for the issue of Units pursuant to any incentive schemes. As such, the REIT Manager proposes to insert a new Clause 5.1.11 to the Trust Deed, to insert the definition of "Incentive Scheme" under Clause 1.1 of the Trust Deed, and to amend Clauses 4.5.1.37, 4.5.1.38, 17.14.2(xii) and Paragraph 2 of Schedule 2 to the Trust Deed for the following purposes:

1. Currently, the Trust Deed does not provide for the flexibility to issue Units at nil consideration, and also contains provisions in Clause 5.2.2 which restrict the price at which Units may be issued. Accordingly, the new Clause 5.1.11 of the Trust Deed provides for Incentive Schemes to be adopted with the prior approval of the Unitholders by way of an Ordinary Resolution and for new Units to be issued pursuant to any Incentive Scheme at an issue price determined in accordance with such relevant Incentive Scheme (which in the case of certain awards granted thereunder may be for nil consideration).
2. Currently, Clauses 4.5.1.1 to 4.5.1.38 provides that the REIT Manager or the Trustee shall be entitled to receive reimbursement of costs and expenses properly suffered or incurred in the proper performance of its obligations or the proper exercise of its powers under the Trust Deed. As the costs and expenses incurred in relation to Incentive Schemes (if any) forms part of the cost of proper performance of the REIT Manager's and the Trustee's

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obligations, for the avoidance of doubt the new Clause 4.5.1.38 will expressly provide for reimbursement of costs and expenses incurred by the REIT Manager in relation to any Incentive Scheme, such as the expenses relating to the adoption of the Incentive Scheme and the costs associated with the issue of Units pursuant to the Incentive Scheme.

3. Currently, Clause 17.14.2(xii) of the Trust Deed and paragraph 2 of Schedule 2 to the Trust Deed provide that the Trustee is to issue and/or deliver Certificates (as defined in the Trust Deed) (if any) only against payment, transfer or receipt of subscription monies. Clarificatory amendments will be made to Clause 17.14.2(xii) of the Trust Deed and paragraph 2 of Schedule 2 to the Trust Deed to take into account, among other things, Units which may be issued under an Incentive Scheme for nil consideration. Clause 1.1 of the Trust Deed will be amended to include the definition of “Incentive Scheme” immediately after the definition of “Hotel Revenue”.

“Incentive Scheme” is to be defined in the Trust Deed as “any scheme which may be adopted by the REIT Manager from time to time pursuant to Clause 5.1.11 for the purpose of providing equity or equity-linked incentives to management, executives and/or employees of the REIT Manager or any Special Purpose Vehicle (provided that such Special Purpose Vehicle is owned and controlled by the Trust) or to other specified participants, whether such incentives are in the form of options over Units or otherwise”.

The REIT Manager has no present intention of adopting an incentive scheme but believes that it is in the best interests of Regal REIT and the Unitholders as a whole to amend the Trust Deed in order to include a framework to allow for the issue of Units pursuant to incentive schemes. In the event that the REIT Manager proposes to adopt an incentive scheme, it will make an announcement and dispatch a unitholders’ circular, as required, to provide Unitholders with further details.

(See Special Resolution number 5 in the EGM Notice.)

3.1.6 *Auditors’ Confirmation Letter*

Clause 11.6.1 of the Trust Deed currently provides that in respect of each Distribution Period (as defined in the Trust Deed), the REIT Manager shall arrange for the auditors of Regal REIT (the “**Auditors**”) to review and check its calculations, under Clause 11 of the Trust Deed, of the Distribution Entitlement (as defined in the Trust Deed) of each Unitholder in respect of each Distribution Period (as defined in the Trust Deed) and for the Auditors to issue a confirmation letter to the Trustee.

For ease of administration, it is proposed that the engagement of the Auditors to review and check the calculations of the Distribution Entitlement be entered into between the Auditors and the REIT Manager and hence the Auditors’ confirmation letter in this regard will be issued to the REIT Manager alone. Accordingly, it is proposed that Clause 11.6.1 of the Trust Deed be amended to clarify that the confirmation letter will not be issued to the Trustee but to the REIT Manager, who will then provide a copy of such confirmation letter to the Trustee.

(See Special Resolution number 6 in the EGM Notice)

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3.1.7 *Drafting amendments in relation to ownership of special purpose vehicles*

(a) *Definition of Special Purpose Vehicle*

Currently, the definition of “Special Purpose Vehicle” under Clause 1.1 of the Trust Deed provides that it shall have the meaning ascribed to it in Clause 10.5 of the Trust Deed.

To be consistent with the definition of “Special Purpose Vehicle” under the REIT Code, the proposed amendment will amend the definition such that “Special Purpose Vehicle” shall mean a special purpose vehicle that is owned and controlled by Regal REIT in accordance with the REIT Code.

(b) *Special Purpose Vehicles as unlisted corporations*

Currently, Clause 10.2.1 of the Trust Deed provides, among other things, that Regal REIT is established to invest in Real Estate by way of shareholding in Special Purpose Vehicles which are unlisted corporations.

To be consistent with the definition of “Special Purpose Vehicle” under the REIT Code, the proposed amendment will amend Clause 10.2.1 to remove the stipulation that Special Purpose Vehicles are unlisted corporations.

(c) *Acquisition of Special Purpose Vehicles*

Currently, Clause 10.5.1 of the Trust Deed provides, among other things, that Regal REIT may legally and beneficially acquire and own the issued share capital of any corporation in or outside Hong Kong if the REIT Manager considers it necessary or desirable for Regal REIT to incorporate or acquire an entity whose primary purpose is to hold or own real estate or arrange financing for Regal REIT.

The proposed amendment will amend Clause 10.5.1 such that Regal REIT may acquire and own Special Purpose Vehicles in accordance with the REIT Code.

(d) *Interpretation clause of Special Purpose Vehicles*

In connection with the drafting amendments in relation to ownership of Special Purpose Vehicles by Regal REIT, a new general interpretation clause in relation to Special Purpose Vehicles will be added to Clause 1 of the Trust Deed.

(See Special Resolution number 7 in the EGM Notice)

3.2 **Amendment of Clause 14.1.2(vii) of the Trust Deed**

Under the Trust Deed, the Variable Fee (as defined in the Trust Deed) receivable by the REIT Manager may, depending on certain circumstances, be paid to the REIT Manager in the form of cash, Units or a combination of cash and Units. Under the language of Clause 14.1.2(vii) of the Trust Deed as currently written, where Units are issued as full or part payment of the Variable Fee, the REIT Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount

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of the Variable Fee at the prevailing Market Price at the time of issue of such Units as determined pursuant to Clause 5.2.3 of the Trust Deed, provided that “the last Trading Day of the month” to which the Variable Fee relates shall be “the date of the relevant agreement or other instrument” for the purposes of Clause 5.2.3 of the Trust Deed.

Clauses 14.1.2(ii) and 14.1.2(x) of the Trust Deed provide clearly that the Variable Fee shall be payable and computed on an annual basis at the end of each Financial Year. Therefore, the reference to “month” in Clause 14.1.2(vii) is a manifest drafting error. The REIT Manager confirms that the intention, at the time the Trust Deed was entered into, had been to refer to “the last Trading Day of the Financial Year” instead.

Accordingly, the REIT Manager proposes that the Trust Deed be amended to change the word “month” in Clause 14.1.2(vii) of the Trust Deed to “Financial Year” in order to rectify the position. As required by the REIT Code and Clause 26 of the Trust Deed, the Trustee has certified that such amendment to Clause 14.1.2(vii) of the Trust Deed is necessary to correct a manifest error in the Trust Deed. As such, pursuant to Clause 26 of the Trust Deed, no Unitholders’ approval is required for the amendment to Clause 14.1.2(vii) of the Trust Deed as mentioned above.

This amendment will have retrospective effect as from the date when the Trust Deed was first entered into, being 11th December, 2006. To the extent that the Trust Deed Amendments proposed in Paragraph 3.1 above are approved by Unitholders at the EGM, it is intended that all the relevant amendments to the Trust Deed will be made in a supplemental deed to be entered into between the Trustee and the REIT Manager.

3.3 Approvals Required

Clause 26 of the Trust Deed, read with Paragraph 2.2 of Schedule 1 to the Trust Deed, provides that, save for certain limited exceptions as certified by the Trustee in writing, any modification, alteration or addition to the Trust Deed must be made with the sanction of a Special Resolution obtained at a meeting of Unitholders duly convened in accordance with Schedule 1 to the Trust Deed.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. The Special Resolutions will each be decided on a poll at the EGM.

With respect to each of the resolutions to be proposed at the EGM, any Unitholder who has a material interest in such resolution and that interest is different from that of all other Unitholders, shall abstain from voting in respect of such resolution. As at the date of this Circular, the REIT Manager is unaware of any Unitholders that are required to abstain from voting in respect of the proposed resolutions contained in the EGM Notice.

The Trustee has confirmed to the REIT Manager that the Trust Deed Amendments require the sanction of a Special Resolution in accordance with Clause 26 of the Trust Deed. The Trust Deed Amendments will not impose upon any Unitholder any obligation to make further payment in respect of his outstanding Units or to accept any further liability in respect of his outstanding Units.

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Furthermore, the Trustee has no objection to the Trust Deed Amendments proposed by the REIT Manager and accordingly, subject to the Unitholders' and the SFC's prior approvals, the Trustee will enter into a supplemental deed effecting the Trust Deed Amendments, as well as the amendment to Clause 14.1.2(vii) of the Trust Deed.

3.4 Recommendation

The Directors consider that the Trust Deed Amendments are each in the best interests of Regal REIT and the Unitholders as a whole, and accordingly, recommend all Unitholders to vote in favour of all the Special Resolutions relating to the Trust Deed Amendments to be proposed at the EGM.

4. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 15th May, 2008 at 11:45 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the Special Resolutions and the Ordinary Resolution contained in the EGM Notice, which is set out on pages N-1 to N-10 of this Circular.

The Register will be closed from Tuesday, 13th May, 2008 to Thursday, 15th May, 2008, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register, in order to qualify to attend and vote at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 9th May, 2008.

You can vote at the EGM if you are a Unitholder on the Register on Thursday, 15th May, 2008, which is referred to in this Circular as the Record Date. You will find enclosed with this Circular the EGM Notice (see pages N-1 to N-10 of this Circular) and a form of proxy for use for the EGM. Your attention is also drawn to the additional information set out in the Explanatory Statement set out as an appendix to this Circular.

Please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the EGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

5. MISCELLANEOUS

The REIT Manager and the Directors collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Circular misleading.

A copy of the Trust Deed is available for inspection at the offices of the REIT Manager at all times from 9:00 a.m. to 5:00 p.m. on Business Days in accordance with the provisions of the Trust Deed. A copy of the proposed form of the supplemental deed to effect the Trust Deed Amendments and the amendment to Clause 14.1.2(vii) of the Trust Deed will be available for inspection at the offices of the REIT Manager from 9:00 a.m. to 5:00 p.m. on Business Days from the date of this Circular up to and including the date of the EGM.

Yours faithfully,
By Order of the Board
REGAL PORTFOLIO MANAGEMENT LIMITED
(as manager of Regal Real Estate Investment Trust)
Kai Ole Ringenson
Chief Executive Officer

Clause 7.2.2 of the Trust Deed states that the REIT Manager must not repurchase or redeem any Units unless it is permitted to do so by the relevant codes and guidelines as may be issued by the SFC from time to time. Pursuant to the SFC Repurchase Circular, an SFC-authorized REIT may purchase its own Units on the SEHK provided that, among others, the REIT Manager must send to Unitholders an Explanatory Statement. There is no requirement for the Trust Deed to be amended to provide for such repurchases.

This appendix serves as an Explanatory Statement as required by the SFC Repurchase Circular to provide Unitholders with all information reasonably necessary to enable you to make an informed decision whether to vote for or against the resolution to approve the grant of the Repurchase Mandate to the REIT Manager. Defined terms used in this Explanatory Statement have the same meanings given to them in the circular to unitholders of Regal REIT dated 15th April, 2008.

ISSUED UNITS

As at the Latest Practicable Date, 3,119,231,903 Units have been issued. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Units will be issued prior to the date of the Extraordinary General Meeting (“EGM”) (except for certain Units to be issued to the REIT Manager as the Manager’s Fee), the REIT Manager will be allowed under the Repurchase Mandate to repurchase a maximum of 311,923,190 Units.

REASONS FOR THE REPURCHASE

Although the REIT Manager has no present intention of repurchasing the Units, it believes that it is in the best interests of Regal REIT and the Unitholders as a whole to seek a general mandate from the Unitholders to enable Regal REIT to make on-market repurchases of Units. Unit repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the REIT Manager believes that such repurchase will benefit Regal REIT and the Unitholders.

FUNDING OF REPURCHASES

For purposes of any repurchases, the REIT Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code and the guidelines issued by SFC from time to time and the laws of Hong Kong.

The REIT Manager does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Regal REIT (as compared with the position disclosed in its most recent published audited accounts).

UNIT PRICES

The highest and lowest prices at which the Units have traded on the SEHK in each month prior to the Latest Practicable Date and since trading in the Units commenced on the SEHK were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
April 2007	2.75	2.63
May 2007	2.79	2.57
June 2007	2.74	2.59
July 2007	2.68	2.44
August 2007	2.52	2.00
September 2007	2.61	2.40
October 2007	2.50	2.12
November 2007	2.49	2.07
December 2007	2.29	1.99
January 2008	2.37	1.95
February 2008	2.15	1.97
March 2008	2.00	1.50
April 2008 ⁽¹⁾	1.94	1.91

Note:

(1) Up to the Latest Practicable Date

SECURITIES REPURCHASED

The REIT Manager has not repurchased any Units (whether on the Stock Exchange or otherwise) at any time prior to the Latest Practicable Date.

STATUS OF REPURCHASED UNITS

The listing of all Units which are repurchased by the REIT Manager on behalf of Regal REIT shall be automatically cancelled upon purchase. The REIT Manager will ensure that the documents of title of purchased Units are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the SFC that, so far as the same may be applicable, they will exercise the power of the REIT Manager to make purchases of the Units pursuant to the Repurchase Mandate, the Trust Deed, the terms and conditions set out in this Explanatory Statement, the laws of Hong Kong, the REIT Code and the guidelines issued by SFC from time to time.

DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the REIT Manager any of the Units if the Repurchase Mandate is approved at the EGM.

As at the Latest Practicable Date, no connected person of Regal REIT has notified the REIT Manager that he/she/it has a present intention to sell any Units nor has such connected person undertaken not to sell any of the Units held by him/her/it to the REIT Manager in the event that the Repurchase Mandate is granted.

TRUSTEE'S CONFIRMATION AND CONSENT

The Trustee has confirmed that the Repurchase Mandate complies with the Trust Deed, and has given its consent to the REIT Manager to proceed with any proposed repurchases pursuant to the Repurchase Mandate.

RECOMMENDATION

The Directors are of the opinion that the Repurchase Mandate is in the interests of Regal REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

The REIT Manager and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Explanatory Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RULE 10.06 OF THE LISTING RULES

Regal REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on a stock exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

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REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock Code: 1881)

Managed by



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the unitholders (the “**Unitholders**”) of Regal Real Estate Investment Trust (“**Regal REIT**”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 15th May, 2008 at 11:45 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTIONS

1. “**That:**

- (a) pursuant to Clause 10.2 of the trust deed constituting Regal REIT dated 11th December, 2006 (as supplemented by a first supplemental deed dated 2nd March, 2007) (the “**Trust Deed**”) entered into between Regal Portfolio Management Limited, as the manager of Regal REIT (the “**REIT Manager**”), and DB Trustees (Hong Kong) Limited, as trustee of Regal REIT (the “**Trustee**”), approval be and is hereby given for the investment strategy of Regal REIT to be amended so as to expand the asset class scope and not to contain any geographical restrictions;
- (b) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for the amendment of Clause 10.2.1 of the Trust Deed by deleting the words “hotel or other hospitality-related properties” and replacing the same by “hotels, serviced apartments or commercial properties (including office properties) located anywhere in the world (whether in Greater China or elsewhere)”;
- (c) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 10.2.5 of the Trust Deed to be deleted in its entirety;

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- (d) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 1.1 of the Trust Deed to be amended by inserting the following definition of “Greater China” immediately after the definition of “GAAP”:

““**Greater China**” means mainland China, Hong Kong, Macau and Taiwan”; and

- (e) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a), (b), (c) and (d) of this resolution.”

2. **“That:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:
- (i) the amendment of Clause 5.1.7(iii) of the Trust Deed by deleting the words “For the purposes of this Clause 5.1.7, and Clauses 5.2.2 and 5.2.3:” and replacing the same by “For the purposes of Clauses 5.1.7, 5.1.8, 5.2.2 and 5.2.3:”;
- (ii) Clause 5.1.8 of the Trust Deed to be deleted in its entirety and replaced with the text below:

“5.1.8 Any issue, grant or offer of Units or Convertible Instruments to a Connected Person will require specific prior approval of Holders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with Schedule 1, unless such issue, grant or offer is made under the following circumstances (where, for the avoidance of doubt, no Holders’ approval will be required):

- (i) the Connected Person receives a pro rata entitlement to Units and/or Convertible Instruments in its capacity as a Holder; or
- (ii) Units are issued to a Connected Person under Clauses 14.1.1 and/or 14.1.2 in or towards the satisfaction of the Base Fee and/or Variable Fee; or
- (iii) Units and/or Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding in the same class of Units and/or Convertible Instruments by placing such Units and/or Convertible Instruments to or with any person(s) who is/are not its associate(s) (other than an Excluded Associate), provided always that (a) the new Units and/or Convertible Instruments must be issued at a price not less than the placing price (which may be adjusted for the

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expenses of placing); and (b) the number of Units and/or Convertible Instruments issued to the Connected Person must not exceed the number of Units and/or Convertible Instruments placed by it.”;

- (iii) the amendment of Clause 1.1 of the Trust Deed by inserting the following definition of “Excluded Associate” immediately after the definition of “Duties and Charges”.

“**Excluded Associate**” means any person or entity who/which is an associate of the relevant Connected Person solely by virtue of the operation of paragraphs (b), (c) and/or (k) (other than a related corporation covered under paragraph (a) of the definition of “related corporation” in Schedule 1 of the SFO) of the definition of “associate” in Schedule 1 of the SFO;”;

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

3. **“That:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 5.2.2 of the Trust Deed to be deleted in its entirety and replaced with the text below:

“5.2.2 After the Listing Date, and for so long as the Units are admitted for trading on the SEHK:

- (a) the REIT Manager may, subject to Clauses 5.1.6, 5.1.11 and 5.2.1, effect or agree to effect the issue of Units on behalf of the Trust (whether directly, or pursuant to any Convertible Instruments issued by the Trust) on any Business Day at an Issue Price per Unit that is:
- (i) equal to or above the Market Price; or
 - (ii) in its discretion, at a discount of no more than 20% to the Market Price; or
 - (iii) where approval by way of an Ordinary Resolution is obtained pursuant to Clause 5.2.2(b), on the pricing basis as authorised in such Ordinary Resolution.

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For the avoidance of doubt, the Issue Price shall in the case of any Convertible Instruments, mean the initial price per Unit at which Units are to be issued pursuant to the exercise of any conversion, exchange or subscription or similar rights under such Convertible Instruments, before any adjustments which may apply thereunder (the “**Initial Issue Price**”); and

- (b) an issue of, or agreement (whether conditional or unconditional) to issue, new Units at an Issue Price or Initial Issue Price (as the case may be) that is otherwise than in accordance with the pricing basis and/or discount allowed in Clauses 5.2.2(a)(i) and 5.2.2(a)(ii) above, will require specific prior approval of Holders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with Schedule 1, and such approval may be subject to such conditions as the Holders may approve, including without limitation stating the basis of pricing, or authorising the REIT Manager to determine the pricing basis on such terms as are authorised under that Ordinary Resolution.”; and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

4. “**That:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:
 - (i) Clause 4.5.1.6 of the Trust Deed to be amended by adding the words “and all other fees, costs and expenses (including costs and expenses incurred in respect of roadshows, press conferences, luncheons, presentations, and other public relations-related fees, costs or expenses and fees for public relations consultants and Unit/Convertible Instrument issuance-related expenses) in connection with any offering or issue of Units or Convertible Instruments” after the words “under Clause 5”;

 - (ii) Clause 4.5.1.13 of the Trust Deed to be deleted in its entirety and replaced with the text below:

“4.5.1.13 all fees, costs and expenses (including costs and expenses incurred in respect of roadshows, press conferences, luncheons, presentations, and other public relations-related fees, costs or expenses and fees for public relations consultants and Unit/Convertible Instrument issuance-related expenses) incurred in connection with convening and holding of meetings

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of Holders or meetings for purposes of investor or analyst briefings, and all fees, costs and expenses incurred in connection with any public relations-related activities in connection with the Trust other than the fees, costs and expenses already referred to above or in Clause 4.5.1.6;” and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

5. **“That:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:
- (i) the insertion of the following text immediately after Clause 5.1.10 of the Trust Deed, as a new Clause 5.1.11 of the Trust Deed:

“5.1.11 Without prejudice to the generality of Clause 5.1.1 and subject to compliance with the REIT Code, the REIT Manager shall have the power from time to time to adopt any Incentive Scheme with the prior approval of Holders by way of an Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with Schedule 1 and to issue new Units pursuant to any Incentive Scheme, and notwithstanding Clause 5.2.2, such new Units may be issued pursuant to such Incentive Scheme at the issue price as determined in accordance with the terms of the Incentive Scheme (including, if so provided for under the terms of the Incentive Scheme, for nil consideration) without further approval of Holders.”;

- (ii) the insertion of the following text immediately after Clause 4.5.1.37 of the Trust Deed, as a new Clause 4.5.1.38 of the Trust Deed:

“4.5.1.38 all fees, charges, expenses and liabilities incurred in relation to the implementation, administration and operations in relation to any Incentive Scheme including but not limited to any and all costs and expenses (i) relating to the adoption of any Incentive Scheme, and (ii) associated with the issue of new Units pursuant to such Incentive Scheme; and”;

- (iii) Clause 4.5.1.37 of the Trust Deed to be amended by deleting the word “and” at the end of Clause 4.5.1.37 in contemplation of the addition of a new Clause 4.5.1.38;

- (iv) renumbering the existing Clause 4.5.1.38 of the Trust Deed to Clause 4.5.1.39 of the Trust Deed;

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- (v) Clause 17.14.2(xii) of the Trust Deed to be amended by the insertion of the words “(other than in respect of (i) Units issued for nil consideration pursuant to the terms of an Incentive Scheme; or (ii) Units issued for consideration other than cash in any circumstances permitted under this Deed and the REIT Code)” immediately after the words “subscription monies have been paid in full” in the second line;
- (vi) Paragraph 2 of Schedule 2 to the Trust Deed to be amended by the insertion of the words “(except for (i) Units issued for nil consideration pursuant to the terms of an Incentive Scheme; or (ii) Units issued for consideration other than cash in any circumstances permitted under this Deed and the REIT Code)” immediately after the words “the issue of the Units concerned” in the ninth line;
- (vii) Clause 1.1 of the Trust Deed to be amended by inserting the following definition of “Incentive Scheme” immediately after the definition of “Hotel Revenue”:

“**Incentive Scheme**” means any scheme which may be adopted by the REIT Manager from time to time pursuant to Clause 5.1.11 for the purpose of providing equity or equity-linked incentives to management, executives and/or employees of the REIT Manager or any Special Purpose Vehicle (provided that such Special Purpose Vehicle is owned and controlled by the Trust) or to other specified participants, whether such incentives are in the form of options over Units or otherwise;” and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

6. **“That:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 11.6.1 of the Trust Deed to be amended by inserting the words “regarding such review and verification to the REIT Manager who will then provide a copy of such confirmation letter” before the words “to the Trustee” in the last line of Clause 11.6.1; and
- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

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7. **“That:**

(a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:

(i) the definition of “Special Purpose Vehicle” in Clause 1.1 of the Trust Deed to be deleted in its entirety and replaced with the text below:

“**Special Purpose Vehicle**” shall mean a special purpose vehicle that is owned and controlled by the Trust in accordance with the Code.”;

(ii) the amendment of Clause 10.2.1 of the Trust Deed by replacing the words “by way of shareholding in” with the word “through” and deleting the words “which are unlisted corporations”;

(iii) Clause 10.5.1 to be deleted in its entirety and replaced with the text below:

“10.5.1. The Trust may legally and beneficially acquire and own any Special Purpose Vehicles in accordance with the Code if the REIT Manager considers it necessary or desirable for the Trust to do so, in which event the REIT Manager shall instruct the Trustee to and the Trustee, shall accordingly establish, subscribe or acquire by transfer, or otherwise invest in on behalf of the Trust a Special Purpose Vehicle provided that (i) the Special Purpose Vehicle is wholly-owned by the Trust, or (ii) the Trust has majority ownership and control of such Special Purpose Vehicle and there are sufficient and proper safeguards in relation to the Special Purpose Vehicle to address the risks arising from the non-wholly owned structure, and such investment is not in conflict with this Deed, the Code and other applicable law.”; and

(iv) the insertion of the following text immediately after Clause 1.10 of the Trust Deed, as a new Clause 1.11 of the Trust Deed:

“1.11. Special Purpose Vehicles

Having regard to the fact that Special Purpose Vehicles may include non-corporate entities, when used in this Deed in relation to a Special Purpose Vehicle:

1.11.1 references to “incorporation” (or similar or derivative words) shall, mutatis mutandis, be deemed to include references to all relevant methods of establishment of the Special Purpose Vehicle;

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1.11.2 references to “shares” and “shareholders” (or similar or derivative words) shall, mutatis mutandis, be deemed to include references to all relevant types of ownership interests in or in respect of the Special Purpose Vehicle, and holders of such ownership interests, respectively; and

1.11.3 references to “board of directors” and “director” (or similar or derivative words) shall, mutatis mutandis, be deemed to include references to the equivalent or comparable governing body of the Special Purpose Vehicle, and a member of such governing body, respectively.”

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”

ORDINARY RESOLUTION

“**THAT** a mandate to purchase Units be given to the REIT Manager:

- (a) subject to the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts” issued on 31st January, 2008 by the Securities and Futures Commission of Hong Kong (the “**SFC**”), and paragraph (b) below, the exercise by the REIT Manager during the Relevant Period (as defined herein) of all powers of the REIT Manager to purchase units (each a “**Unit**”) in Regal REIT on behalf of Regal REIT on The Stock Exchange of Hong Kong Limited (the “**SEHK**”), subject to and in accordance with the Trust Deed (as may be amended from time to time), the REIT Code, the guidelines issued by the SFC from time to time, applicable rules and regulations and the laws of Hong Kong be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Units which may be purchased or agreed to be purchased by the REIT Manager pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of issued Units as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the passing of this resolution;

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- (ii) the expiration of the period within which the meeting referred to in (i) above is required to be held by the Trust Deed, the Code on Real Estate Investment Trusts or any applicable laws; and
- (iii) the passing of a resolution by the Unitholders in a general meeting revoking or varying the authority given to the REIT Manager by this resolution.”

By Order of the Board
REGAL PORTFOLIO MANAGEMENT LIMITED
(as manager of Regal Real Estate Investment Trust)
Kai Ole Ringenson
Chief Executive Officer

Hong Kong, 15th April, 2008

Registered Office:

Unit No. 1504, 15th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

Notes:

1. A Unitholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as proxy need not be a Unitholder.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Unit Registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
3. Where there are joint registered Unitholders of a Unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such Unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the Register of Unitholders of Regal REIT in respect of such Unit shall alone be entitled to vote in respect thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. The Register of Unitholders will be closed from Tuesday, 13th May, 2008 to Thursday, 15th May, 2008, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the meeting convened by the above notice, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 9th May, 2008.

As at the date of this notice, the Board comprises:

Non-executive Directors:

Mr. Lo Yuk Sui (Chairman), Mr. Donald Fan Tung and Mr. Jimmy Lo Chun To

Executive Director and Chief Executive Officer:

Mr. Kai Ole Ringenson

Independent Non-executive Directors:

Mr. John William Crawford, J.P., Mr. Alvin Lam Kwing Wai and Hon Abraham Shek Lai Him, J.P.